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Second, E&R states its disagreement with Staff accounting on the removal of the mortgage payment from expenses. As stated in Order No. 98-390, mortgage payments are

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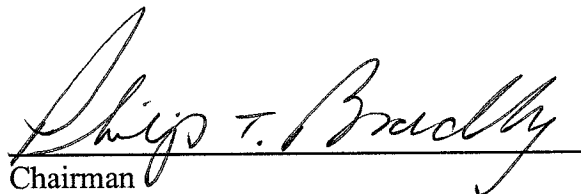
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payments of liabilities, but are not allowable as operating expenses. We believe that this is correct under general accounting principles. Therefore, this ground is unavailing.

Lastly, E&R alleges that there were no complaints about the Company's service before the rate increase case started. We do not believe that this is an appropriate ground on which to request reconsideration and/or rehearing. The fact is that there were complaints presented at the hearing in this matter. The timing is of no consequence.

Because of the above-stated reasoning, the request is denied. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Acting Executive Director

(SEAL)